

# BellSouth's Data Does Not Establish Nondiscriminatory Performance

- Data based on statistical process control does not establish nondiscriminatory performance.
  - Statistical process control is not designed to detect discrimination.
  - BellSouth's proposed statistical process control would immunize it from discrimination claims.
  - BellSouth's own charts do not show nondiscriminatory performance.
- Use of target intervals is not appropriate.
- BellSouth has not demonstrated that its data is reliable.
- BellSouth has not agreed to appropriate enforcement mechanisms.

## BellSouth Data Does Not Demonstrate Nondiscriminatory Support

- CLEC experience is consistently worse (13 of 32 in August)
- Many critical measures are at least 3 “Sigma” worse (6 of 32 in August)
  - consistent 3 sigma “worse” performance
  - Majority of CLEC orders missing provisioning dates
- Instances of “three consecutive month” worse are common.

RELEVANT TESTIMONY OF WILLIAM CARROLL REGARDING AT&T'S  
MARKET ENTRY PLANS IN SOUTH CAROLINA

Case No. 96-358 before the South Carolina Public Service Commission - A&T /  
BellSouth Arbitration Hearing

Direct Testimony of Mr. Carroll

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1 DIRECT TESTIMONY OF  
2 WILLIAM J. CARROLL  
3 ON BEHALF OF AT&T COMMUNICATIONS  
4 OF THE SOUTHERN STATES, INC.  
5 BEFORE THE  
6 SOUTH CAROLINA PUBLIC SERVICE COMMISSION  
7 Case No. 96-358  
8 Filed: January 6, 1997  
9

10 Q. PLEASE IDENTIFY YOURSELF.

11 A. My name is William J. (Jim) Carroll and my business address is 1200 Peachtree Street,  
12 N.E., Atlanta, Georgia, 30309.

13  
14 Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL  
15 BACKGROUND AND EXPERIENCE.

16 A. From 1967 to 1971, I attended Georgia State University and received a Bachelor of  
17 Science degree. I also attended the Massachusetts Institute of Technology in 1985 as  
18 part of the Sloan Fellows Program.

19  
20 I started my work career in June, 1962 in Macon, Georgia as a communications  
21 technician in the Long Lines Division of AT&T. Since that time I have held positions  
22 with AT&T including positions in the following functional areas: operations;  
23 engineering; human resources; labor relations; and marketing. I was present during the  
24 evolution of the long distance telecommunications market from a pure monopoly to what  
25 is today an extremely competitive and active industry. Since divestiture of the long

1 distance business from the telephone monopolies in 1982, I have held positions as Senior  
2 Vice President -- New York and Northeast where I was responsible for services and  
3 products, and Vice President -- Network Operations and Engineering where I held  
4 nation-wide responsibility for AT&T. From these positions I have observed and studied  
5 the behavior of customers in both a competitive and a monopoly telecommunications  
6 environment.

7  
8 **Q. PLEASE DESCRIBE YOUR CURRENT POSITION AND RESPONSIBILITIES**  
9 **AT AT&T.**

10 **A.** Currently I am Vice President -- Local Services for the South Central States. My  
11 responsibilities include developing and implementing local services for AT&T customers  
12 in nine southern states, including South Carolina. I provide the leadership for the AT&T  
13 product teams to accomplish this objective. In this regard, I initiated AT&T's request to  
14 BellSouth to negotiate an interconnection agreement under the Telecommunications Act  
15 of 1996 (the "Act"). I also provided, and continue to provide, leadership and direction to  
16 AT&T's negotiating teams.

17  
18 **Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE ANY COMMISSION OR**  
19 **OTHER REGULATORY COMMISSION?**

20 **A.** Yes. I provided testimony before the Florida Public Service Commission, the North  
21 Carolina Utilities Commission, the Georgia Public Service Commission, the Tennessee  
22 Regulatory Authority, the Louisiana Public Service Commission and the Kentucky  
23 Public Service Commission regarding AT&T's petitions for arbitration with BellSouth.

24  
25 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

1     A.     The purpose of my testimony is to describe, from a business perspective, why AT&T is  
2           before this Commission. I will introduce the issues in dispute and the witnesses who will  
3           testify on AT&T's behalf as to these issues. I will explain that the Act expanded  
4           AT&T's prospects for entry into the local exchange market in South Carolina through  
5           negotiations with BellSouth, that those negotiations have only been partially successful,  
6           and that if AT&T is granted the opportunity found in AT&T's proposed interconnection  
7           agreement (the "Interconnection Agreement"), then AT&T will commit to provide South  
8           Carolina consumers with high quality services and technological innovations at  
9           competitive prices in competition with BellSouth's monopoly.

10

11         I also will summarize the actions AT&T requests the Commission to take and describe  
12         why each action is necessary from a business perspective to achieve the goal of the Act,  
13         which I understand to be "to promote competition and reduce regulation in order to  
14         secure lower prices and higher quality services for American telecommunications  
15         consumers and encourage the rapid deployment of new telecommunications  
16         technologies." S. Rep. No. 23, 104th Cong., 1st Sess., at 2 (1995).

17

18         I also will address in detail the need for parity in the provision of local exchange services  
19         to ensure that consumers receive the full benefits of competition that Congress intended  
20         through passage of the Act.

21

22     **Q.     AT&T FILED SEVERAL VOLUMES OF DOCUMENTS WITH ITS PETITION**  
23         **FOR ARBITRATION. PLEASE IDENTIFY THOSE DOCUMENTS.**

24     A.     The Act obligates AT&T to submit with its Petition for Arbitration ("Petition") all  
25         documents relevant to the issues to be arbitrated and documents relevant to any issues

1       that the parties have resolved. Both categories of documents are contained in the sixteen  
2       binders submitted to the Commission with the Petition. These binders were filed with  
3       AT&T's Petition and collectively are incorporated into my testimony as Exhibit JC-1.  
4       Each binder contains documents which are identified by a tab number and each page is  
5       Bates-stamped. During my testimony, I will refer occasionally to a document by its  
6       exhibit number, Exhibit JC-1, and its tab number.

7  
8       The documents in the binders include AT&T's record of all formal negotiation sessions  
9       with BellSouth, letters and memoranda exchanged between AT&T and BellSouth  
10      regarding various negotiations issues, proposed interconnection agreements, studies and  
11      other documents.

12  
13    **Q.     HOW DID PASSAGE OF THE ACT ENCOURAGE AT&T'S PLANS FOR**  
14       **ENTRY INTO THE LOCAL EXCHANGE SERVICE MARKET IN SOUTH**  
15       **CAROLINA?**

16    **A.     In our region, AT&T established several types of negotiating teams -- we designated the**  
17       **primary negotiators as the "Core" Team. Supporting the Core Team were subject matter**  
18       **experts on technical and cost issues ("SME Teams"). The SME Teams met with**  
19       **BellSouth representatives to implement agreements reached by the Core Team and to**  
20       **negotiate specific operational and cost issues. Finally, we designed an Executive Team**  
21       **consisting of myself and several of my senior colleagues at AT&T to meet with**  
22       **BellSouth representatives as needed to attempt to resolve issues that could not be settled**  
23       **by the Core and SME Teams.**

24

1       Next we developed a list of technical and other requirements for entry into the local  
2       exchange market. That list is contained in Exhibit JC-1, Tab 1.

3

4       Finally, at my direction, on June 10, 1996, AT&T requested negotiations with BellSouth  
5       in South Carolina under 47 U.S.C. § 251(c)(1).

6

7       **Q.     WOULD YOU DESCRIBE THE HISTORY OF NEGOTIATIONS BETWEEN**  
8       **BELLSOUTH AND AT&T?**

9       **A.     AT&T and BellSouth met on numerous occasions after AT&T's request for negotiations**  
10       on June 10, 1996, as well as prior occasions regarding negotiations in other states. The  
11       Core Team held meetings with BellSouth on numerous occasions; the SME Teams have  
12       additionally met with BellSouth on operational and cost issues; and AT&T's Executive  
13       Team has met face-to-face with BellSouth, and held numerous phone calls, voice mail  
14       messages and informal meetings. Many of the early "negotiations" consisted of AT&T  
15       explaining its requirements and BellSouth responding that it would take those under  
16       advisement. AT&T made numerous requests that BellSouth share information which  
17       AT&T believed would be helpful in reaching agreements (AT&T agreed to protect  
18       confidential information under a confidentiality agreement signed by both parties). After  
19       some time passed with little agreement or sharing of information, we decided to "jump-  
20       start" the negotiations by offering a proposal on resold services that committed AT&T to  
21       purchase a specific volume of services in return for agreement on a percentage discount  
22       off BellSouth's retail prices. That June 5, 1996 proposal is found at Exhibit JC-1, Tab  
23       331. AT&T has yet to receive any counter offer from BellSouth to this proposal.

24



1       The parties did exchange proposed interconnection agreements in June, 1996.  
2       BellSouth's proposed agreement of June 13, 1996 merely adopted an agreement reached  
3       earlier by BellSouth with Hart Communications and bore no relationship to the AT&T  
4       negotiations or AT&T's requirements. BellSouth's proposal and AT&T's response are  
5       at Exhibit JC-1, Tabs 208 and 252 respectively. AT&T made a price proposal on  
6       unbundled network elements and interconnection on June 21, 1996. That proposal is at  
7       Exhibit JC-1, Tab 333. AT&T's proposed Interconnection Agreement was provided to  
8       BellSouth on June 28, 1996. It contained comprehensive provisions reflecting the  
9       negotiations to date and additional provisions AT&T believed were consistent with the  
10      Act. AT&T's initial proposed Interconnection Agreement is at Exhibit JC-1, Tab 259.  
11      AT&T has prepared a version of the Interconnection Agreement, which is attached to the  
12      Petition, that reflects the parties' positions as of October 11, 1996.

13

14      AT&T and BellSouth have reached agreement on multiple issues that AT&T put forward  
15      in its Petition. The parties continue to meet on a regular basis and conduct negotiations  
16      on the remaining issues. Issues presented in this arbitration remain unresolved.

17

18      **Q.     YOU PREVIOUSLY REFERRED TO BELLSOUTH'S JUNE 13, 1996**  
19      **PROPOSED INTERCONNECTION AGREEMENT WITH AT&T. HOW**  
20      **WOULD YOU DESCRIBE THAT PROPOSAL?**

21      **A.     My letter to BellSouth of June 26, 1996 at Exhibit JC-1, Tab 252 best describes my view**  
22      **of the proposal. Generally, the proposal was not responsive to AT&T's particular**  
23      **requirements. It appeared to be almost a word-for-word copy of BellSouth's agreement**  
24      **with Hart Communications. As such, it failed to reflect agreements which I understood**

1 AT&T and BellSouth had reached and lacked provisions necessary for AT&T to enter  
2 the local market as a viable competitor to BellSouth.

3

4 **Q. HOW WOULD YOU DESCRIBE AT&T'S PROPOSED INTERCONNECTION**  
5 **AGREEMENT TO BELL SOUTH OF JUNE 28, 1996?**

6 **A.** AT&T's proposed Interconnection Agreement was a comprehensive and detailed set of  
7 rates, terms and conditions to govern all aspects of AT&T's business relationship with  
8 BellSouth as it enters the South Carolina local exchange market -- the resale of local  
9 services, access to unbundled network elements, and interconnection. It represents the  
10 minimum requirements, both now and in the near term, to allow effective competition in  
11 the local exchange market. AT&T's proposed Interconnection Agreement includes items  
12 that AT&T understands were resolved or may be resolved through negotiations, as well  
13 as items representing compromises made by AT&T with the hope that the parties could  
14 move closer together on the outstanding issues.

15

16 **Q. DO YOU KNOW IF ANY TELECOMMUNICATIONS CARRIERS HAVE**  
17 **ENTERED INTO AGREEMENTS WITH BELL SOUTH?**

18 **A.** Yes. I am aware of several interconnection agreements that BellSouth has entered into  
19 with various telecommunications carriers. For instance, I am aware of the agreements  
20 BellSouth has with MCIMetro, Time Warner, Hart Communications Corporation, the  
21 Telephone Company of Central Florida, Intermedia Communications, TCG, and  
22 MediaOne. While there may be a few more, these are the ones with which I am most  
23 familiar.

24

1    **Q.    WOULD YOU COMPARE THOSE AGREEMENTS WITH AT&T'S PROPOSED**  
2    **INTERCONNECTION AGREEMENT?**

3    A.    The agreements mentioned in my previous answer fall into two general categories. For  
4    large companies (e.g., MCIMetro, Time Warner), the agreements are incomplete. For  
5    example, BellSouth's agreement with MCI Metro pertains primarily to the  
6    interconnection of two networks, and what is required to permit traffic from one carrier  
7    to terminate calls to another carrier. The Time Warner agreement addresses these same  
8    subjects, but also includes resale and unbundling of network elements. However, it  
9    omits any prices for resold services or unbundled network elements -- critical ingredients  
10   for entry into the local telecommunications market.

11  
12   For smaller companies (e.g., Hart Communications, Intermedia Communications), the  
13   agreements are more comprehensive, but reflect those carriers' intentions to provide  
14   niche services and not broad-based competitive offerings. For that reason the companies  
15   have agreed to what BellSouth traditionally has offered in the regulated environment,  
16   and the agreements generally do not reflect movement by BellSouth from its entrenched  
17   monopoly positions.

18  
19   By contrast, AT&T's Interconnection Agreement contains details on operational and  
20   pricing aspects of interconnection, resale and unbundled network elements, unlike the  
21   agreements discussed above. AT&T fully expects that when finally executed, its  
22   interconnection agreement -- which under the Act will be available to all carriers -- will  
23   be the baseline for all agreements between BellSouth and new entrants into the local  
24   market (indeed, in their respective agreements, MCIMetro, Time Warner and Hart  
25   reserve the right to adopt any later, more favorable agreements).

1

2           Additionally, I believe AT&T's plan for entry into South Carolina is more  
3           comprehensive than the plans of any of the companies with whom BellSouth has entered  
4           into agreements to date. AT&T intends to pursue aggressively resale, unbundled  
5           network elements and interconnection, separately and in combination, to bring services  
6           throughout South Carolina to the greatest number of potential customers as soon as an  
7           agreement is reached. I do not believe any other company plan such a broad entry as  
8           soon as AT&T. To accomplish its plan, AT&T requires a detailed agreement now  
9           covering all issues. An agreement that leaves critical terms open to future negotiation, as  
10          do BellSouth's existing agreements, will ensure that AT&T cannot meet its plan. South  
11          Carolina consumers will be the losers -- they simply will have to wait that much longer  
12          for full competition to reach them.

13

14    **Q.    HOW DID BELLSOUTH'S AGREEMENTS WITH OTHER CARRIERS**  
15           **INFLUENCE AT&T'S NEGOTIATIONS?**

16    A.    Although AT&T initially hoped these agreements would contain detailed concessions by  
17           BellSouth that might benefit AT&T in addressing the local exchange market, upon  
18           review there is little of meaningful substance to AT&T because AT&T seeks broad-  
19           based, rather than niche, competition.

20

21    **Q.    WHAT ARE THE KEY ISSUES THAT REMAIN UNRESOLVED?**

22    A.    Five major categories of issues remain unresolved. These will be addressed in detail by  
23           AT&T's other witnesses in these proceedings. My purpose here is to introduce these  
24           issues to the Commission. How the Act and the FCC have chosen to address these issues

1 is discussed by each AT&T witness. My perspective largely concerns how these issues  
2 impact competition in the marketplace.

3  
4 The first category of issues is whether the Act allows BellSouth to limit the services that  
5 it will make available to AT&T and to restrict how AT&T may use the services it obtains  
6 from AT&T. AT&T believes that the Act requires BellSouth to provide any retail  
7 services it offers to customers. Sound policy reasons support the FCC Order and  
8 accompanying regulations which clearly require an incumbent local exchange carrier,  
9 such as BellSouth, to offer a requesting telecommunications carrier any  
10 telecommunications service that it provides on a retail basis to its customers at wholesale  
11 rates, without resale restrictions. BellSouth, however, is unwilling to offer AT&T: (i)  
12 the same range of services that BellSouth offers its retail customers; and (ii) certain  
13 services without restrictions on the resale of those services.

14  
15 The second category of issues is whether the Act requires BellSouth to provide AT&T  
16 with the same capabilities and quality of services that BellSouth provides itself as a  
17 supplier of local exchange services to South Carolina consumers. The FCC Order and  
18 accompanying regulations specify that the incumbent local exchange carrier must  
19 provide the requesting carrier the services, network elements, and interconnection that is  
20 at least of the same quality as the incumbent provides itself. AT&T has requested that  
21 BellSouth provide quality services and network elements so that AT&T can provide its  
22 customers with at least the same quality of service that BellSouth provides its customers.  
23 If BellSouth provides AT&T with a lower quality of service than it provides to its own  
24 customers, BellSouth retains a competitive advantage. AT&T's position, therefore, is  
25 that it must have: (i) electronic interfaces to obtain the same real-time and interactive

1 access to BellSouth's operations support systems that BellSouth provides to itself when  
2 servicing its customers; (ii) direct routing of calls from AT&T customers to AT&T  
3 service platforms; (iii) branding of purchased wholesale services with the AT&T name;  
4 (iv) service quality assurance; and (v) access to information regarding changes in service  
5 offerings.

6  
7 The third category of issues is whether BellSouth must provide nondiscriminatory access  
8 to unbundled network elements at any technically feasible point. The FCC Order and  
9 regulations also require the incumbent local exchange carrier to provide the requesting  
10 carrier with nondiscriminatory access to unbundled network elements at any technically  
11 feasible point. BellSouth, however, is unwilling to offer AT&T: (i) access to six of ten  
12 unbundled network elements that AT&T has requested; (ii) access to unbundled network  
13 elements without restrictions on how AT&T can combine those elements; (iii) equal and  
14 nondiscriminatory access to BellSouth's rights-of-way, conduits, pole attachments, and  
15 other pathways; and (iv) access to unused transmission media.

16  
17 The fourth category of issues is the appropriate rate that BellSouth should charge AT&T  
18 for wholesale services, access to unbundled network elements, and interconnection. The  
19 FCC has prescribed a formula to determine the price for each unbundled network  
20 element, as well as interconnection. For interconnection, however, reciprocal  
21 compensation should be on a bill and keep basis until cost studies are available. At that  
22 time, rates for interconnection should be set at long-run incremental cost plus a  
23 reasonable allocation of joint and common costs.

1 The fifth major category is whether BellSouth must agree to the reasonable contractual  
2 terms and conditions that AT&T proposed to govern the parties' contractual relationship.

3  
4 **I. SERVICES AVAILABLE FOR RESALE**

5  
6 **Q. REGARDING THE FIRST CATEGORY OF ISSUES, WHAT RETAIL  
7 SERVICES HAS AT&T REQUESTED FROM BELL SOUTH?**

8 A. This subject will be discussed more fully in the testimony of AT&T Witness Guepe filed  
9 on behalf of AT&T in this proceeding. Generally, however, I understand that the Act  
10 and the FCC Order and regulations require BellSouth to offer for resale any  
11 telecommunications services that BellSouth provides at retail to subscribers who are not  
12 telecommunications carriers. Pursuant to the Act, AT&T has requested that BellSouth  
13 offer to AT&T the same range of services that BellSouth provides to its retail customers.  
14 AT&T wants to be able to offer all South Carolina consumers the same types of services  
15 that BellSouth provides today, so that all consumers will have a choice of at least two  
16 providers for their local services.

17  
18 **Q. WHAT WAS BELL SOUTH'S RESPONSE TO AT&T'S REQUEST?**

19 A. BellSouth stated that it was unwilling to offer for resale the following types of services:  
20  
21 911/E911 Services -- 911/E911 are retail services that provide the facilities and  
22 equipment necessary to route emergency calls to the appropriate Public Safety  
23 Answering Point.

N11 Service -- N11 is a retail service provided to entities that provide information services to consumers via three (3) digit dialing.

Contract Service Arrangements and Promotions -- Contract Service Arrangements and Promotions are retail services offered at special rates and prices.

Link-Up and Lifeline -- Link-Up and Lifeline are retail offerings that respectively provide billing credits to help defray the cost of service installation charges and monthly recurring service charges to customers who qualify for financial assistance.

State Specific Discount Plans or Services -- State Specific Discount Plans or Services are retail offerings in which BellSouth provides retail services at discounted prices to particular customers, such as educational institutions.

## II. PARITY

Q. WITH RESPECT TO THE SECOND CATEGORY OF UNRESOLVED ISSUES, WHY IS PARITY IMPORTANT TO AT&T?

A. "Parity" is a term AT&T uses to refer to the capability to provide AT&T customers with the same experiences as BellSouth provides its own customers. AT&T seeks parity for very straightforward business reasons -- if AT&T is to compete with BellSouth in South Carolina through the resale of BellSouth services or through integration of BellSouth network elements with non-BellSouth facilities, what AT&T receives from BellSouth must be at least equal in form and quality to what BellSouth provides to itself for sale to its customers. If BellSouth is allowed to provide AT&T with inferior services, compared



1 to what BellSouth makes available to itself, real competition will be greatly delayed or  
2 never will develop. It is my understanding that the Act requires parity as I have  
3 described it. With regard to services, interconnection and access to network elements,  
4 the FCC First Report and Order ("FCC Order") issued August 8, 1996 obligates  
5 BellSouth to provide the foregoing to new entrants at a level of quality that is at least  
6 equal to that which BellSouth provides to itself, a subsidiary, affiliate, or any other party.  
7 47 C.F.R. §§ 51.305(a)(3), 51.311(b) (to be codified); FCC Order No. 96-325, ¶¶ 224,  
8 313, 970, at 114, 157, 479 (see 61 Fed. Reg. 45476, 45505, 45513, 45570 at ¶¶ 168, 225,  
9 644 (1996)).

10

11 **Q. WHAT NEGOTIATION ISSUES REMAIN UNRESOLVED THAT RELATE TO**  
12 **PARITY IN THE DELIVERY OF LOCAL EXCHANGE SERVICES?**

13 **A.** Several key parity issues remain unresolved, including:

14

15 (1) BellSouth has not agreed to provide AT&T with real-time interactive access --  
16 via electronic interfaces -- to certain of BellSouth's computerized operations support  
17 systems. Electronic interfaces will enable AT&T to achieve parity in performing those  
18 support services that allow AT&T to meet customer needs in as timely and effective a  
19 manner as BellSouth meets its customers' needs. AT&T and BellSouth have reached  
20 agreement on the interim interfaces and the type of electronic interfaces we will use in  
21 the long term. Although the electronic interface issues have been narrowed over the last  
22 several weeks, several issues remain. First, AT&T is requesting this Commission to  
23 require expressly that BellSouth provide electronic interfaces at least equal to  
24 BellSouth's as soon as possible but no later than December 1, 1997. This is the date  
25 BellSouth and AT&T agreed to implement electronic interfaces in Tennessee, and the

1 date accepted by the Tennessee Regulatory Authority. Second, AT&T is requesting that  
2 this Commission order BellSouth to provide AT&T electronic access to customer service  
3 records so that AT&T will have access to information necessary to assist its customers.  
4 BellSouth has indicated that it will provide such access but only if ordered to do so by  
5 this Commission. Without such access, AT&T will be unable to have access to the same  
6 information BellSouth has on its customers such as services and features purchased by  
7 the customer. Third, AT&T is requesting that this Commission order BellSouth to  
8 accept and process AT&T customer orders 24 hours a day, 7 days a week, as it does with  
9 its own customers, so that AT&T customers can obtain service at least of equal quality to  
10 that which BellSouth provides its customers. Finally, AT&T is requesting that this  
11 Commission determine how costs should be recovered for the implementation of  
12 electronic interfaces. To the extent the electronic interfaces AT&T and BellSouth  
13 implement conform to industry standards, AT&T does not believe that it should bear the  
14 entire costs associated with the establishment and implementation of electronic  
15 interfaces.

16  
17 (2) BellSouth has not agreed to provide AT&T with the ability to route calls from its  
18 customers directly to AT&T's service platforms for Operator Service and Directory  
19 Assistance Services. Direct routing will enable AT&T to achieve parity by providing  
20 AT&T customers the same convenient access to AT&T's platforms as BellSouth  
21 customers have to BellSouth's platforms. The technical feasibility of direct routing will  
22 be addressed in detail by AT&T Witness Hamman.

23  
24 (3) BellSouth has not agreed to present the AT&T brand in a fashion acceptable to  
25 AT&T where AT&T is paying BellSouth to interface with customers on AT&T's behalf.

1 In some cases, BellSouth would simply use its brand name with AT&T customers.  
2 Proper branding will eliminate consumer confusion and will enable AT&T to achieve  
3 parity in market visibility by allowing AT&T to provide branded services to AT&T  
4 customers just as BellSouth provides branded services to BellSouth customers.

5  
6 (4) BellSouth has not agreed to provide AT&T with contractual commitments to  
7 ensure that BellSouth provides AT&T a quality product (so that AT&T in turn can  
8 provide a quality product to its customers). Contractual commitments to quality will  
9 help ensure that BellSouth meets its obligation to AT&T with services, network elements  
10 and interconnection that are at least equal in quality to those which BellSouth provides  
11 itself to support its retail operations.

12  
13 (5) BellSouth has not agreed to provide AT&T reasonable access to information  
14 such as advance notification of service and network changes. The parties have agreed on  
15 notice of price changes. Reasonable access to this information will enable AT&T to  
16 modify network and operational support systems such that it could offer new or changed  
17 products to South Carolina consumers concurrently with BellSouth.

18  
19 (6) BellSouth has not agreed to require the originating local service provider's rates  
20 to apply to collect, third party and intraLATA calls. BellSouth has agreed to apply the  
21 originating carrier's rates to these calls when the originating carrier purchases unbundled  
22 network elements from BellSouth, but will not do so in a resale context unless ordered  
23 by the Commission. AT&T is requesting that the originating local service provider's  
24 rates apply when a carrier either purchases unbundled elements or services for resale. A  
25 uniform system of billing of these calls will avoid disagreements between originating and

1 terminating carriers about which carrier's rates apply and the compensation that is due  
2 each carrier.

3  
4 **Q. DOES THE ACT REQUIRE PARITY?**

5 A. Yes. The Act prohibits BellSouth from imposing unreasonable or discriminatory  
6 limitations or conditions on new entrants when providing telecommunications services  
7 for resale and obligates BellSouth to provide unbundled network elements and network  
8 interconnection at reasonable and nondiscriminatory terms and conditions. 47 U.S.C.  
9 § 251(c)(2)-(4). It is unreasonable and discriminatory for BellSouth to provide new  
10 entrants with services, network elements or interconnection that are inferior to those  
11 which BellSouth provides itself. Parity, moreover, advances the expressed goals of the  
12 Act to promote robust competition so that consumers may secure the benefits of higher  
13 quality services and emerging technologies at competitive prices. S. Rep. No. 23, 104th  
14 Cong., 1st Sess., at 2 (1995). Without parity, new entrants will not be able to compete  
15 effectively against BellSouth. The end result will be South Carolina consumers not  
16 realizing the full benefits of robust competition.

17  
18 **Q. DO THE FCC REGULATIONS ADDRESS PARITY ISSUES?**

19 A. Yes. The FCC firmly embraced the concept of parity in its regulations implementing the  
20 Act. The FCC ordered that incumbent LECs must provide services, unbundled network  
21 elements, and interconnection that is at least equal in quality to that provided by the  
22 incumbent LEC to itself. FCC Order No. 96-325, ¶¶ 224, 313, 970, at 114, 157, 479 (see  
23 61 Fed. Reg. 45505, 45513, 45570, at ¶¶ 168, 225, 644); 47 C.F.R. §§ 51.305(a),  
24 51.311(b) (to be codified). In addition, the FCC addressed the following specific parity  
25 issues:

1  
2           Electronic Interfaces -- The FCC regulations require BellSouth to provide AT&T  
3 access to BellSouth's operations support systems that is at least equal in quality to that  
4 which BellSouth provides itself unless BellSouth can prove that such access is not  
5 "technically feasible," as defined by the FCC. FCC Order No. 96-325, ¶¶ 516-28, at 261-  
6 63 (see 61 Fed. Reg. 45529-31, at ¶ 348-60).

7  
8           Direct Routing -- The FCC regulations require BellSouth to provide AT&T  
9 customized routing to AT&T's operator services and directory assistance service  
10 platforms unless BellSouth can prove that such routing is not "technically feasible," as  
11 defined by the FCC. FCC Order No. 96-325, ¶¶ 418, 536, at 206, 267 (see 61 Fed. Reg.  
12 45522, 45532 at ¶¶ 289, 364).

13  
14           Branding -- The FCC regulations require BellSouth to brand (as an AT&T  
15 service) operator, call completion and directory assistance services provided by  
16 BellSouth to AT&T unless BellSouth can prove that such branding is not "technically  
17 feasible," as defined by the FCC. 47 C.F.R. § 51.613(c) (to be codified); FCC Order No.  
18 96-325, ¶ 971, at 479 (see 61 Fed. Reg. 45570-71, at ¶ 645).

19  
20   **Q.   HOW DOES THE FCC DEFINE TECHNICAL FEASIBILITY?**

21   **A.**   Interconnection and access to network elements is considered technically feasible absent  
22 a showing of technical or operational concerns that prevents the fulfillment of a request  
23 made by a carrier for such interconnection or access. 47 C.F.R. § 51.5 (to be codified);  
24 FCC Order No. 96-325, ¶¶ 198-206, at 102-06 (see 61 Fed. Reg. 45502-03, at ¶¶ 147-  
25 155). The technical and operational concerns necessary for a finding of technical

1           infeasibility do not include economic, accounting, billing, space, or site concerns. Id. In  
 2           addition, the need on the part of the Incumbent LEC to modify its facilities or equipment  
 3           in order to respond to the request, does not support an argument of technical  
 4           infeasibility. Id. The Incumbent LEC must prove technical infeasibility to the  
 5           appropriate state commission. 47 C.F.R. § 51.5 (to be codified); FCC Order No. 96-325,  
 6           ¶ 198, at 102 (see 61 Fed. Reg. 45502, at ¶ 147).

7  
 8       **Q.     HAVE OTHER STATE COMMISSIONS ADDRESSED PARITY ISSUES?**

9       **A.**    Yes. The Illinois Commerce Commission recently emphasized the importance of parity  
 10           by its conclusion that “resellers must have the opportunity to provide every aspect of  
 11           their retail customer contacts at parity with those provided to retail customers by the  
 12           LECs either directly or through a subsidiary.” Illinois Commerce Commission, Case  
 13           Nos. 95-0458, 95-0531, at 51 (June 26, 1996).

14  
 15       **Q.     HAVE OTHER STATE COMMISSIONS ADDRESSED THE ELECTRONIC**  
 16           **INTERFACE ISSUE SPECIFICALLY?**

17       **A.**    Yes. The State Commissions in Florida, Georgia, Illinois, Ohio, New York and  
 18           Tennessee have adopted policies that require incumbent LECs to provide electronic  
 19           interfaces:

20  
 21                   **Florida --** The Florida Public Service Commission ordered BellSouth to provide  
 22           electronic interfaces to perform pre-service ordering, service trouble reporting, service  
 23           order processing and provisioning, customer usage data transfer and local account

1 maintenance. Florida Public Service Commission Docket 960833-TP, at 5-6 (December  
2 2, 1996).

3  
4 **Georgia** -- The Georgia Public Service Commission found that "it is imperative  
5 that a reseller have access to the same service ordering provisions, service trouble  
6 reporting and informational databases for their customers as does BellSouth." Georgia  
7 Public Service Commission Docket No. 6352-U, at 12 (June 12, 1996). In that  
8 proceeding, even BellSouth acknowledged that "[n]o one is happy, believe me, with a  
9 system that is not fully electronic." *Id.* at 11. Accordingly, the Georgia PSC ordered  
10 BellSouth to provide the electronic interfaces requested by AT&T.

11  
12 **Illinois** -- The Illinois Commerce Commission concluded that "[t]he importance  
13 of equal operational interfaces is essential to the development of resale competition. In  
14 order to ensure that the needs of new entrants are satisfied, the Commission will order  
15 that all incumbent LECs are required to provide to resellers, as an integral part of their  
16 resale service offering, all operational interfaces at parity with those provided their own  
17 retail customers, whether directly or through an affiliate." Illinois Commerce  
18 Commission, Docket Nos. 95-0458, 95-0531, at 51 (June 26, 1991).

19  
20 **Ohio** -- The Ohio Public Utilities Commission ordered each LEC that maintains  
21 a carrier-to-carrier tariff "to provide nondiscriminatory, automated operational support  
22 systems which would enable other LECs reselling its retail telecommunications services  
23 to order service, installation, repair, and number assignment; monitor network status; and

1 bill for local service.” Ohio Public Utilities Commission, Docket Nos. 95-845-TP-COI,  
2 Appendix A, at 5. (June 12, 1996).

3  
4 **New York** -- The New York Public Service Commission established an  
5 operations group to ensure that New York Telephone implement adequate processes and  
6 systems to enable resellers to operate on par with New York Telephone. New York  
7 Public Service Commission, Case No. 95-C-0657, at 13 (June 25, 1996). The guiding  
8 principle for the operations group is that “new entrants should have access to the same  
9 New York Telephone information, processes, systems and service quality (e.g., pre-  
10 ordering information, service order processes, service provisioning and repair intervals,  
11 trouble reporting and monitoring mechanisms) as New York Telephone employs to serve  
12 its own end-user customers.” Id. To afford new entrants the opportunity to compete  
13 effectively with the incumbent LEC, New York Telephone will provide new entrants  
14 with real-time, electronic access to New York Telephone’s systems wherever possible  
15 thereby improving the new entrant’s ability to transact business with their customers  
16 promptly and efficiently.

17  
18 **Tennessee** -- The Tennessee Regulatory Authority ordered BellSouth “to use all  
19 means at its disposal to meet the requests for real-time and interactive access via  
20 electronic interfaces made by AT&T . . . to perform pre-service ordering, service trouble  
21 reporting, service order processing and provisioning, customer usage data transfer and  
22 local maintenance, and should do so in a manner that does not place AT&T at a  
23 competitive disadvantage.” Tennessee Regulatory Authority No. 96-01152, at 16  
24 (November 25, 1996).



**PARITY STANDARDS**

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**Q. WHAT DOES AT&T REQUEST FROM THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION WITH RESPECT TO PARITY STANDARDS?**

A. AT&T requests that the South Carolina Public Service Commission (the "Commission") order BellSouth to provide AT&T with services, unbundled network elements and interconnection that are at least equal in quality to those that BellSouth provides itself. AT&T also requests the Commission to order BellSouth to implement reasonable standards and procedures to ensure that BellSouth is providing services, unbundled network elements, and interconnection at parity.

**Q. WHY SHOULD THE COMMISSION ORDER BELL SOUTH TO PROVIDE PARITY?**

A. There are a number of reasons why the Commission should order BellSouth to provide parity. First, the Act and its implementing regulations clearly require BellSouth to provide parity. 47 U.S.C. § 251(c)(2)-(4); FCC Order No. 96-325, ¶¶ 970, 224, 313, at 114, 157, 479 (see 61 Fed. Reg. 45505, 45513, 35570, at ¶¶ 168, 225, 644); 47 C.F.R. §§ 51.305(a), 51.311(b) (to be codified). Second, parity is good policy. Initially, new entrants like AT&T must purchase most of the services, network elements, and interconnection necessary to provide local exchange service and BellSouth is the sole source for those items. New entrants, therefore, cannot provide high quality services to consumers unless BellSouth first provides high quality services to new entrants. Without the ability to offer high quality services to consumers, new entrants cannot compete effectively with BellSouth and robust competition will not develop. If robust